

Q3: Quarterly Industry Update

AS OF September 30, 2017



Ancillary Cannabis

INDUSTRY SUMMARY

COGENT VALUATION identified **Ancillary Cannabis** publicly traded companies, IPOs, and recent M&A transactions within the Ancillary Cannabis Companies industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2016, the median 52-week share price return of the Ancillary Cannabis Companies industry was 29.8%. As this industry is new and many companies trade through over-the-counter markets, information to calculate valuation multiples was unavailable for most companies.

Public Company Key Statistics

Median 52-Week
Return

29.8%

Median Year-to-Date
Return

-26.6%

Median Price/Revenue
Multiple

5.3x

Median Price//Gross
Profit Multiple

6.7x

Median Price/Earnings
Multiple

42.7x

Comparable Public Company Market Metrics as of September 30, 2017

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Agrotek Holdings, Inc.	(52.4%)	40.1%	140.6%	232.7%	\$24.0	\$25.2	(\$4,143.8)	105.1%	(17265.6%)	284.1x	270.2x
American Cannabis	(15.8%)	70.7%	174.0%	204.6%	\$2,146.8	\$1,655.6	(\$381.5)	77.1%	(17.8%)	17.7x	22.9x
American Green, Inc.	(26.1%)	41.7%	183.3%	(19.1%)	\$48.6	\$48.6	(\$765.6)	100.0%	(1574.3%)	91.6x	91.6x
AmeriCann, Inc.	(47.9%)	(26.4%)	206.5%	45.3%	\$25.0	\$25.0	(\$2,666.7)	100.0%	(10666.9%)	1422.9x	1422.9x
Café Serendipity Holdings	(9.6%)	(53.1%)	17.9%	(57.2%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canna Consumer Goods, Inc.	89.7%	136.6%	243.8%	109.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cannabix Technologies Inc.	(22.5%)	(1.0%)	86.9%	78.0%	\$0.0	\$0.0	(\$2,585.9)	N/A	N/A	N/A	N/A
Cannabiz Mobile, Inc.	0.0%	(50.0%)	0.0%	0.0%	\$1,206.9	\$620.4	(\$1,245.1)	51.4%	(103.2%)	0.0x	0.0x
CannaGrow Holdings, Inc	(46.1%)	(16.5%)	29.8%	42.2%	\$1,655.7	(\$200.4)	(\$1,974.5)	(12.1%)	(119.3%)	0.61x	(5.07x)
CannaSys, Inc.	(56.5%)	(33.3%)	(97.6%)	(98.7%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CB Scientific, Inc.	37.5%	(31.4%)	84.6%	N/A	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
CHUMA HOLDINGS, INC.	7.5%	13.8%	31.5%	(70.2%)	\$305.9	\$281.4	(\$4,558.1)	92.0%	(1490.1%)	6.1x	6.7x
CSA Holdings, Inc.	(70.6%)	(24.5%)	13.3%	(64.8%)	\$796.7	\$263.1	(\$1,921.3)	33.0%	(241.2%)	4.5x	13.6x
DigiPath, Inc.	(15.4%)	(13.2%)	(17.5%)	(9.2%)	\$1,607.3	\$844.4	(\$1,182.3)	52.5%	(73.6%)	2.7x	5.2x
Dutch Gold Resources, Inc.	900.0%	0.0%	900.0%	0.0%	\$0.0	\$0.0	(\$1,558.5)	N/A	N/A	N/A	N/A
FutureWorld Corp.	0.0%	0.0%	0.0%	(59.2%)	\$251.7	\$252.9	(\$866.4)	100.5%	(344.3%)	1.5x	1.5x
General Cannabis Corp.	(55.3%)	(26.7%)	(25.1%)	12.5%	\$3,140.6	\$960.4	(\$26,636.7)	30.6%	(848.1%)	8.0x	26.1x
Global Hemp Group Inc.	44.6%	114.1%	132.8%	116.6%	(\$5.4)	(\$1.1)	(\$39.7)	21.1%	733.8%	(989.9x)	(4697.7x)

Multiple year periods are calculated as the average annual return.

■ Highest
 ■ Lowest
 ■ Median

Comparable Public Company Market Metrics as of September 30, 2017

(Continued from previous page)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Green Energy Management Services	33.3%	400.0%	42.9%	(32.6%)	\$384.5	\$14.9	(\$532.1)	3.9%	(138.4%)	1.7x	43.9x
Green Technology Solutions, Inc.	(28.7%)	(22.9%)	(13.1%)	(55.3%)	\$0.0	\$0.0	(\$6,601.9)	N/A	N/A	N/A	N/A
GreenPlex Services	(66.7%)	0.0%	(50.0%)	(32.7%)	\$38.1	\$38.1	(\$403.0)	100.0%	(1057.7%)	47.3x	47.3x
Grow Solutions Holding	(77.8%)	0.0%	(80.0%)	(77.6%)	\$6,780.6	\$1,250.8	(\$4,674.1)	18.4%	(68.9%)	0.3x	1.9x
Helix TCS, Inc.	(61.3%)	(27.1%)	152.0%	596.0%	\$2,963.7	\$451.8	(\$12,959.0)	15.2%	(437.3%)	40.9x	268.3x
Hemp Inc.	(33.6%)	9.6%	(16.7%)	(33.6%)	\$2,357.3	\$1,763.1	(\$1,201.4)	74.8%	(51.0%)	1.4x	1.9x
International Consolidated Companies	(78.9%)	(18.4%)	100.0%	0.0%	\$55.8	\$55.8	(\$199.1)	100.0%	(357.1%)	29.2x	29.2x
MassRoots, Inc.	(67.8%)	(41.5%)	(17.4%)	(55.3%)	\$393.6	(\$2,584.8)	(\$32,305.5)	(656.7%)	(8208.1%)	60.9x	(9.3x)
Medical Cannabis Payment Solutions, Inc.	(80.7%)	(55.3%)	(50.6%)	(12.8%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MediGreen Holdings	(98.9%)	(87.5%)	(98.0%)	(96.8%)	\$3.8	(\$107.9)	(\$2,415.1)	(2868.4%)	(64230.1%)	0.1x	(0.0x)
Monarch America, Inc.	25.0%	(15.3%)	66.7%	(91.6%)	\$4,321.9	\$1,282.8	(\$2,398.4)	29.7%	(55.5%)	0.01x	0.04x
Nhale, Inc.	180.1%	(32.9%)	(16.0%)	29.6%	\$0.0	\$0.0	(\$70.5)	N/A	N/A	N/A	N/A
North American Cannabis Holdings, Inc.	16.7%	(30.0%)	75.0%	(64.0%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Northsight Capital, Inc.	(54.7%)	30.2%	(51.2%)	(20.9%)	\$15.9	\$15.9	(\$830.9)	100.0%	(5228.9%)	445.9x	445.9x

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■ Highest ■ Lowest ■ Median

Comparable Public Company Market Price Metrics as of September 30, 2017

(Continued from previous page)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Novus Acquisition & Development Corp.	(72.7%)	(29.8%)	396.2%	354.1%	\$96.8	\$92.9	\$23.7	96.0%	24.5%	6.55x	6.82x
Occidental Development Group, Inc.	650.0%	21.0%	2690.7%	257.3%	\$0.0	\$0.0	(\$325.0)	N/A	N/A	N/A	N/A
Peak Pharmaceuticals	(26.6%)	(19.5%)	(2.1%)	(23.3%)	\$0.0	\$0.0	(\$31.1)	N/A	N/A	N/A	N/A
Pineapple Express, Inc.	(68.0%)	(46.7%)	(56.8%)	(36.3%)	\$0.0	\$0.0	(\$2,418.7)	N/A	N/A	N/A	N/A
PotNetwork Holding, Inc.	2592%	(6.7%)	2136.4%	(40.8%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STWC Holdings, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Synergetics, Inc.	(41.0%)	38.9%	(33.3%)	(21.9%)	\$4,046.3	\$3,741.4	(\$2,625.6)	92.5%	(64.9%)	1.7x	1.8x
The Hydroponics Company Limited	(75.0%)	(88.1%)	(85.0%)	(62.4%)	\$0.0	\$0.0	(\$356.1)	N/A	N/A	N/A	N/A
U.S. Lithium, Corp.	N/A	(6.4%)	N/A	N/A	\$0.0	\$0.0	(\$153.9)	N/A	N/A	N/A	N/A
WEED, Inc.	(2.9%)	74.9%	103.8%	64.8%	\$0.0	(\$1.8)	(\$229.2)	N/A	N/A	N/A	(2141.5x)
Median of Industry Public Companies	49.4%	11.2%	1185.0%	383.4%	\$0.0	\$0.0	(\$4,659.4)	N/A	N/A	6.1	6.8



Highest



Lowest



Median

Median Public Companies

The chart below illustrates Public Company Multiples.

	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	Average
EV/Revenues Multiple	2.9x	3.9x	5.1x	3.5x	4.5x	5.1x	3.7x	4.1x
Price/Earnings Multiple	42.7x	60.8x	61.5x	3.7x	8.6x	1.7x	2.1x	25.9x
EV/Gross Cash Flows Multiple	17.3x	21.3x	14.2x	7.6x	5.6x	9.3x	2.4x	11.1x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Ancillary Cannabis

(dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
5/3/17	The Hydroponics Company Limited	\$0.15	40.00	\$5.96	\$0.73	\$0.00	\$0.00	\$0.00	(\$0.15)	\$0.00
7/7/14	Searchtech Ventures Inc.	\$0.09	6.85	\$0.64	\$0.22	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
12/16/13	Cannabix Technologies Inc.	\$0.09	6.63	\$0.75	\$0.09	\$0.00	\$0.00	\$0.00	(\$0.09)	\$0.00
5/30/13	Nhale, Inc.	\$0.01	10.00	\$0.10	\$0.04	\$0.05	\$0.04	\$0.00	(\$0.12)	\$0.00
2/21/12	MJ Holdings, Inc.	\$0.05	0.03	\$0.00	\$0.01	\$0.05	\$0.00	(\$0.02)	(\$0.02)	(\$0.02)
2/15/12	Aja Cannafacturing, Inc.	\$0.01	2.00	\$0.02	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
10/31/11	IPOWorld	\$0.01	1.00	\$0.01	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.00)	\$0.00
10/23/09	Peak Pharmaceuticals, Inc.	\$0.10	0.41	\$0.04	\$0.01	\$0.00	\$0.00	\$0.00	(\$0.03)	\$0.00
Median of all IPOs		nm	nm	\$0.10	\$0.04	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00

Highlighted values are the highest or lowest value in each column

■ Highest Value
 ■ Lowest Value
 ■ Median Value

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
10/2/17	BCNL and Urban Cultivator	Aurora Cannabis Inc.	\$6.5	100%	\$5.00	N/A	1.3x	N/A
7/24/17	Denver Consulting Group LLC	Medicine Man Technologies	\$3.4	100%	N/A	N/A	N/A	N/A
7/13/17	Odava, Inc.	MassRoots, Inc.	\$1.8	100%	N/A	N/A	N/A	N/A
7/13/17	PAO Group, Inc.	New Wave Holdings, Inc.	\$251.0	100%	N/A	N/A	N/A	N/A
6/7/17	Pono Publications Ltd.	Medicine Man Technologies	\$12.6	100%	N/A	N/A	N/A	N/A
6/2/17	Security Grade Protective Srvc.	Helix TCS, Inc.	\$4.2	100%	N/A	N/A	N/A	N/A
6/1/17	Trauma Healing Centers Inc.	OrganiGram Holdings Inc.	\$1.7	100%	N/A	N/A	N/A	N/A
4/10/17	Knalysis Technologies Inc.	Canada House Wellness Group	\$1.0	100%	N/A	N/A	N/A	N/A
3/20/17	Cybernetics Control Systems Inc.	Quadron Capital Corporation	\$2.0	100%	N/A	N/A	N/A	N/A
1/25/17	CannaBuild , LLC	MassRoots, Inc.	\$2.5	100%	N/A	N/A	N/A	N/A
1/23/17	Medical Cannabis Mgmt. Group	Canadian Bioceutical Corp.	\$22.5	100%	N/A	N/A	N/A	N/A
12/19/16	127,000-square foot Property	Innovative Industrial Properties	\$30.0	100%	N/A	N/A	N/A	N/A
12/15/16	Whaxy	MassRoots, Inc.	\$0.1	100%	N/A	N/A	N/A	N/A
11/7/16	Longevity Project Group	Abba Medix Group Inc.	\$5.1	100%	N/A	N/A	N/A	N/A
10/11/16	Nexus Corporation	Gibraltar Industries	\$25.0	100%	N/A	N/A	N/A	N/A
8/17/16	CanvasRx Inc.	Aurora Cannabis Inc.	\$29.5	100%	N/A	N/A	N/A	N/A
7/29/16	Vapor Corp.	VPR Brands, L.P.	\$0.9	100%	N/A	N/A	N/A	N/A
5/24/16	Oregon Analytical Services, LLC	EVIO Inc.	\$1.2	100%	N/A	N/A	N/A	N/A
11/30/15	Cannabis Health Sciences	N/A	\$0.0	100%	N/A	N/A	N/A	N/A

■ USA
 ■ International

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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

(Continued from previous page)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
9/18/15	CR Labs, Inc.	Signal Bay, Inc.	\$0.4	80%	\$0.05	(\$0.00)	10.2x	N/A
5/1/15	Canna Delivery Systems	Kariana Resources Inc.	\$0.4	100%	N/A	N/A	N/A	N/A
4/30/15	Oilseed Works Inc.	Mettrum Health Corp.	\$0.2	100%	N/A	N/A	N/A	N/A
4/7/15	General Hyrdoponics	Scotts Miracle-Gro	\$130	100%	\$40.00	N/A	N/A	N/A
2/20/15	Michigan Green Technologies	Cannabis Science, Inc.	\$0.4	30%	N/A	N/A	N/A	N/A
2/11/15	Cannabis Health Sciences Inc.	Invictus MD Strategies	\$0.1	100%	N/A	N/A	N/A	N/A
12/9/14	Cannigistics Agri-Solutions	Calyx Bio-Ventures Inc.	\$0.5	100%	N/A	N/A	N/A	N/A
12/1/14	Healthnostics, Inc.	Stragenics, Inc.	\$0.8	100%	N/A	N/A	N/A	N/A
10/15/14	MobiWeed	Highmark Marketing Inc.	\$0.2	100%	N/A	N/A	N/A	N/A
9/29/14	Sigal Consulting LLC	Worlds Online Inc.	\$3.8	51%	N/A	N/A	N/A	N/A
9/11/14	Ovation Research, Inc.	New Compendium	\$0.3	90%	\$0.09	N/A	4.0x	N/A
9/11/14	R.E.M. International, LLC	Cannabis Kinetics Corp.	\$1.4	100%	N/A	N/A	N/A	N/A
8/20/14	GreenPay LLC	MyECheck, Inc.	\$0.4	100%	N/A	N/A	N/A	N/A
8/5/14	GreenLeaf Consulting LLC	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A
7/25/14	Hydro Innovations, LLC	Surna Inc.	\$0.5	100%	\$0.99	(\$0.40)	0.5x	N/A
7/23/14	Innovative Holdings, Inc.	BioCube, Inc.	\$0.0	100%	N/A	N/A	N/A	N/A
7/15/14	Gold Ridge Resources, Inc.	CorGreen Technologies	\$0.0	100%	N/A	N/A	N/A	N/A
6/30/14	Kush Inc.	Cannabis Sativa, Inc.	\$13.2	100%	N/A	N/A	N/A	N/A
5/23/14	Medical Cannabis Property	Supreme Pharmaceuticals	\$4.1	100%	N/A	N/A	N/A	N/A

 USA
 International

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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

(Continued from previous page)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
4/7/14	Phytalytics LLC	Abattis Bioceuticals Corp.	\$1.3	51%	N/A	N/A	N/A	N/A
3/4/14	Medical Cannabis Property	The CannaBusiness Group	\$0.3	100%	N/A	N/A	N/A	N/A
3/3/14	Triton Distribution Systems	Green Cures	\$0.1	26%	N/A	N/A	N/A	N/A
2/21/14	Hemp Market Watch	Worldwide Internet Inc.	\$1.0	20%	N/A	N/A	N/A	N/A
2/18/14	MicroCannaBiz, LLC	Mentor Capital, Inc.	\$0.2	51%	N/A	N/A	N/A	N/A
2/10/14	Securitas EDGAR Filings, Inc.	N/A	\$0.4	97%	N/A	(\$0.02)	N/A	N/A
1/30/14	(Medical Cannabis Property)	Zoned Properties Inc.	\$1.1	100%	N/A	N/A	N/A	N/A
12/31/13	(Medical Cannabis Property)	Advanced Cannabis	\$0.5	100%	N/A	N/A	N/A	N/A
11/26/13	Eco Science Solutions, Inc.	N/A	\$0.6	51%	N/A	(\$1.47)	N/A	N/A
8/7/13	Dispense Labs, LLC	ENDEXX Corp.	\$2.3	100%	N/A	N/A	N/A	N/A
2/28/13	Hayes Pharmacy Inc.	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A
2/11/13	IPOWorld	Glob AG	\$0.0	80%	N/A	N/A	N/A	N/A
12/31/12	Weedmaps, LLC	RJM BV	\$11.8	100%	N/A	N/A	N/A	N/A
12/11/12	Cannabis Science, Inc.	The X-Change Corporation	\$0.3	100%	N/A	N/A	N/A	N/A
3/21/12	Cannabis Consulting, Inc.	Cannabis Science, Inc.	\$0.1	100%	N/A	N/A	N/A	N/A
Median of the 53 M&A Transaction Targets			\$1.2	100%	\$0.99	(\$0.20)	3.3x	N/A

■ USA ■ International

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This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. **Contact Vanita Spaulding at 818-905-8330** for additional information or questions in connection with this research report.

Definitions of Financial Terms Used in this Quarterly Industry Update: Enterprise Value (EV): Market Value of Equity + Market Value of Debt
— Cash Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

Gross Profit (GP): Revenues - Cost of Goods Sold

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

Price (P): Price is stated in US Dollars as of the report date.

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